



**STATE OF TENNESSEE  
DEPARTMENT OF HUMAN SERVICES**

CITIZENS PLAZA BUILDING  
400 DEADERICK STREET  
NASHVILLE, TENNESSEE 37243-1403

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[www.tn.gov/humanservices](http://www.tn.gov/humanservices)

**BILL HASLAM**  
GOVERNOR

**DANIELLE W. BARNES**  
COMMISSIONER

December 7, 2017

Richard Scott, Board Chair  
Aaron Nutritional Services, Incorporated  
Post Office Box 1338  
Antioch, Tennessee 37011-1147

Dear Mr. Scott,

The Department of Human Services (DHS) - Audit Services Division staff conducted an unannounced on-site monitoring review of the Child and Adult Care Food Program (CACFP) at Aaron Nutritional Service, Inc. (Sponsor), Application Agreement number 00-132, on September 18 and 20, 2017. Additional information was requested and provided on September 22, October 5 and October 17, 2017. The purpose of this review was to determine if the Sponsor complied with *Title 7 of the Code of Federal Regulations* (CFR) applicable parts, application agreement, and applicable Federal and State regulations.

**Background**

CACFP sponsors utilize meal count sheets to record the number of meals served for breakfast, lunch, supper and supplements meals served. Meals served by participating sponsors must meet the minimum guidelines set by the United States Department of Agriculture (USDA) and DHS to be eligible for reimbursement. The CACFP sponsor reports the number of meals served through the DHS Tennessee Information Payment System (TIPS) system to seek reimbursement. We inspected meal counts sheets for our test period and reconciled the meals claimed to the meals reported as served for each meal service. We also assessed compliance with civil rights requirements. In addition, meals were observed during site visits made during the review month at May to R Kids R Small Wonders Pre-School, LLC; Little Treasures Child Care, Inc., and Kids Night Out, Inc.

Our review of the Sponsor's records for May 2017 disclosed the following:

## **1. The number of participants reported in the free category was incorrect at one site**

### Condition

*Little Treasures Child Care, Inc.*

The Claim for Reimbursement for the test month for the Little Treasures site reported 49 participants in the free category, four participants in the reduced-price category, and one participant in the paid category. However, based on our review of the Sponsor's records, we found that there were 48 participants in the free category, four participants in the reduced-price category, and one participant in the paid category.

The difference was based on the following:

- The number of participants reported in the free category was over reported by one participant.

There were 54 participants reported on the Claim for Reimbursement. However, based on our review of the Sponsor's records, we found there were 53 participants enrolled in the program.

As a result, one participant was removed from the free category. (See Exhibit D)

This is a repeat finding from a previous report dated April 7, 2017.

### Criteria

*Title 7 of the Code of Federal Regulations*, Section 226.10(c) states, "... In submitting a Claim for Reimbursement, each institution shall certify that the claim is correct and that records are available to support that claim. ..."

### Recommendation

The Sponsor should ensure that each participant is classified and reported accurately based on categorical or income eligibility.

## **2. The Sponsor reported incorrect meal counts**

### Condition

*Kids Night Out, Inc.*

The Sponsor reported 215 breakfasts, 826 lunches, 397 suppers and 1,625 supplements served. However, our review of records showed 216 breakfasts, 825 lunches, 397 suppers and 1,612 supplements served.

As a result, the Sponsor underreported one breakfast and overreported one lunch and two supplements served. (See Exhibit B)

*Little Treasures Child Care, Inc.*

The Sponsor reported 856 breakfasts, 752 lunches, and 855 PM supplements served. However, our review of records showed 855 breakfasts, 751 lunches and 854 PM supplements served.

As a result, the Sponsor overreported one breakfast, one lunch, and one supplement served. (See Exhibit D)

This is a repeat finding from a previous report dated April 7, 2017.

#### Criteria

*Title 7 of the Code of Federal Regulations*, Section 226.10(c) states, "... In submitting a Claim for Reimbursement, each institution shall certify that the claim is correct and that records are available to support that claim. ..."

#### Recommendation

The Sponsor should implement a system of checks to ensure the claim is accurate and the actual number of meals served is reported.

### **3. The Sponsor's infant menus were not provided during the review**

#### Condition

Infant meals are claimed at all three sampled centers. Individualized infant menus were not provided for any infants at any of the sample sites. Menus must be available for review to determine whether infants were provided meals that meet USDA requirements. Also, infant menus are useful in documenting the foods each infant is developmentally ready for.

No meals were disallowed as the Sponsor was able to support the fact the infants were being fed.

#### Criteria

*Title 7 of the Code of Federal Regulations*, Section 226.15 (e) states, "Each institution shall establish procedures to collect and maintain all program records required under this part, as well as any records required by the State agency. Failure to maintain such records shall be grounds for the denial of reimbursement for meals served during the period covered by the records in question and for the denial of reimbursement for costs associated with such records. At a minimum, the following records shall be collected and maintained: ... (10) "Copies of menus, and any other food service records required by the State agency"

The USDA Monitoring Handbook for State Agencies, page 24, states, "Daily records of menus must contain a listing of the food items served in each meal type to ensure that the CACFP meal pattern requirements were met."

### Recommendation

The Sponsor should ensure that individual infant menus reflect and contain all required meal components, and available upon request.

#### **4. The Sponsor did not provide evidence that sufficient quantities of milk were purchased for claimed meals served**

### Condition

#### *Kids Night Out Inc.*

Based on the number of meals served with milk as a required component, Kids Night Out Inc. required a total of 11,158 ounces of milk. However, the Sponsor could only document the purchase of 11,072 ounces of milk, resulting in a shortage of 86 ounces of milk.

As a result, 11 supplements were disallowed. (See Exhibit B)

#### *R Kids R Small Wonders Pre-School LLC*

Based on the number of meals served with milk as a required component, R Kids R Small Wonders Pre-School LLC required a total of 35,458 ounces of milk. However, the Sponsor could only document the purchase of 30,736 ounces of milk, resulting in a shortage of 4,722 ounces of milk.

As a result, 419 breakfast meals and 621 supplements were disallowed. (See Exhibit C)

### Criteria

*Title 7 of the Code of Federal Regulations, Section 226.17(b)(4) states, "Each child care center participating in the Program shall claim only the meal types specified in its approved application in accordance with the meal pattern requirements specified in §226.20. ..."*

*Title 7 of the Code of Federal Regulations, Section 226.20(c)(1) states, "Fluid milk, vegetables or fruit, or portions of both, and grains are required components of the breakfast meal. ..."*

*Title 7 of the Code of Federal Regulations, Section 226.20(c)(3) states, "Serve two of the following five components: Fluid milk, meat and meat alternates, vegetables, fruits, and grains. Fruit juice, vegetable juice, and milk may comprise only one component of the snack. ..."*

### Recommendation

The Sponsor should maintain a month-end inventory for each month and all receipts for food purchases in order to provide evidence that the required amount of milk was purchased and served.

**5. The Sponsor's child nutrition (CN) labels or product formulation statements were not provided**

Condition

A review of menus and receipts for R Kids R Small Wonders for May 2017 revealed fish sticks and pizza were served on several occasions. A request for CN labels or product formulation statements was made on October 5, 2017. While the information was provided for some foods served, the documentation for fish sticks and pizza was not provided.

Our review of the menus revealed the following:

Date	Menu	Number of Lunches
5/5	Pizza, corn, applesauce, and milk	105
5/12	Pizza, corn, applesauce, and milk	105
5/16	Fish sticks, roll, carrots, pineapple, and milk	112
5/19	Pizza, corn, applesauce, and milk	112
5/26	Pizza, corn, applesauce, and milk	114

Although no CN label or product formulation statement was provided for pizzables (pizza), based on the nutritional label it was determined that as long as six pizzables were served to 1 to 2 year olds and nine pizzables were served to 3 to 5 year olds then this component is creditable as a meat or meat alternative. No CN label or product formulation statement was provided for fish sticks, and there was no nutritional label available. Therefore, we could not accept fish sticks as a creditable meat or meat alternative.

As a result, 112 lunch meals served were disallowed at the R Kids R Small Wonders feeding site. (See Exhibit C)

Criteria

*Title 7 of the Code of Federal Regulations*, Section 226.17(b)(4) states, "Each child care center participating in the Program shall claim only the meal types specified in its approved application in accordance with the meal pattern requirements specified in §226.20. ..."

The USDA Crediting Foods in the Child and Adult Care Food Program, page 62, states, in part, "... Because of the uncertainty of the actual amount of meat/meat alternate contained in these products, they should not be used unless (1) they are CN-labeled; or (2) you obtain a Product Formulation Statement signed by an official of the manufacturer (not a sales person) that shows how the crediting has been determined. ..."

Recommendation

The Sponsor should implement the following:

- Maintain copies of the commercially prepared food CN labels or Production statements on file and follow the recommended serving size/equivalents listed on the label;
- Ensure that such foods served to participants meet USDA meal guidelines; and

- Review menus to ensure they contain all required meal components to be eligible for a reimbursable meal.

## 6. An observed meal did not meet USDA meal pattern requirements

### Condition

We observed a lunch meal service at R Kids R Small Wonders Preschool, LLC, on May 1, 2017. The lunch meal served included chicken, mashed potatoes, green beans, pears, and milk. ***A lunch meal must include fluid milk, meat or meat alternatives, vegetable, fruits, and grains to be creditable.*** There was no bread or grain component served.

As a result, 98 lunch meals claimed were disallowed. (See Exhibit C)

### Criteria

*Title 7 of the Code of Federal Regulations*, Section 226.17(b)(4) states "Each child care center participating in the Program shall claim only the meal types specified in its approved application in accordance with the meal pattern requirements specified in §226.20 ..."

*Title 7 of the Code of Federal Regulations*, Section 226.20(c)(2) states, "Fluid milk, meat and meat alternatives, vegetable, fruits, and grains are required components in the lunch and supper meals. ..."

### Recommendation

The Sponsor should ensure all feeding sites are serving meals that meet USDA meal pattern requirements.

## 7. The Sponsor claimed meals in excess of the number of meals observed

### Condition

We observed a lunch meal service at R Kids R Small Wonders Preschool, LLC, on May 1, 2017, at which, we noted 93 participants were served. However, the Sponsor reported 98 lunch meals served, for that day. As a result, the Sponsor overreported five lunch meals served.

Lunch meals claimed for this date were previously disallowed due to errors disclosed in the previous finding. No additional meals were disallowed.

### Criteria

*Title 7 of the Code of Federal Regulations*, Section 226.10 (c) states, "... In submitting a Claim for Reimbursement, each institution shall certify that the claim is correct and that records are available to support that claim. ..."

### Recommendation

The Sponsor should ensure all meals are properly recorded and that the claim for reimbursement is correct.

## **8. The Sponsor reported incorrect number of attendance days**

### Condition

Kids Night Out feeding site reported 1,294 participant days. Our review verified 1,283 participant days. Little Treasures feeding site reported 856 participant days. Our review verified 855 participant days.

### Criteria

*Title 7 of the Code of Federal Regulations*, Section 226.10(c) states, "... In submitting a Claim for Reimbursement, each institution shall certify that the claim is correct and that records are available to support that claim. ..."

### Recommendation

The Sponsor should implement a system of checks to ensure the claim is accurate and the actual number of meals served is reported.

## **9. A current menu was not posted at Kids Night Out**

### Condition

The menu posted on the parent bulletin board at Kids Night Out was for April 2017. The May 2017 menu was available, but kept on a clipboard in the kitchen area and not in a prominent position.

### Criteria

The USDA Monitoring Handbook for State Agencies, page 29, states, "Institutions must serve meals according to the posted menus and document substitutions."

### Recommendation

The Sponsor should ensure all menus are posted in a prominent location.

## **10. The Sponsor is not observing meals as required during monitoring**

### Condition

A review of the monitoring documents provided for R Kids R Small Wonders shows the Sponsor monitored the facility on June 29, 2016, November 15, 2016, and February 16, 2017. However, the three monitoring reports note that a meal was not observed.

### Criteria

*Title 7 of the Code of Federal Regulations*, Section 226.16(d)(4)(i) states that monitoring should include, "Reviews that assess whether the facility has corrected problems noted on the previous review(s), a reconciliation of the facility's meal counts with enrollment and attendance records for a five-day period, as specified in paragraph (d)(4)(ii) of this section, and an assessment of the facility's compliance with the Program requirements pertaining to: (A) The meal pattern; (B) Licensing or approval; (C) Attendance at training; (D) Meal counts;

(E) Menu and meal records; and (F) The annual updating and content of enrollment forms (if the facility is required to have enrollment forms on file, as specified in §§226.15(e)(2) and 226.15(e)(3)).”

#### Recommendation

The Sponsor should ensure meals are observed during monitoring.

#### **Technical Assistance Provided**

The Sponsor requested technical assistance regarding budgeting and expansion preparation. This request was forwarded to Program specialists for further assistance.

#### **Disallowed Meals Cost**

Based on the review, we determined that the Sponsor's noncompliance with the applicable Federal and State regulations that govern the CACFP resulted in a total disallowed cost of \$985.68.

#### **Corrective Action**

Aaron Nutritional Services, Inc. must complete the following actions within 30 days from the date of this report:

- Login to the Tennessee Information Payment System (TIPS) and revise the claim(s) submitted for each site for May 2017, which contains the verified claim data from the enclosed exhibit;
- Remit a check payable to the ***Tennessee Department of Human Services*** in the amount of \$985.68 for recovery of the amounts disallowed in this report. **Please return the attached billing notice with your check**; and
- Prepare and submit a corrective action plan to address the deficiencies identified in this report. The corrective action plan template is attached. Please return the corrective action plan to:

AuditServices.CAPS.DHS@tn.gov

If you have questions relative to the corrective action plan please contact:

Allette Vayda, Director  
Child and Adult Care Food Program  
8th Floor Citizens Plaza Building  
400 Deaderick Street  
Nashville, Tennessee 37243  
Allette.Vayda@tn.gov  
(615) 313-3769

Please note that the amount of disallowed cost is subject to an interest charge. The interest charge will be waived if your revised claim within 30 days from the date of this report. If the

revised claim is not completed by the 30-day deadline, an interest charge may be billed to your institution. Please mail your check and the billing notice to:

Child and Adult Care Food Program

Fiscal Services  
11th Floor, Citizens Plaza Building  
400 Deaderick Street  
Nashville, Tennessee 37243

In accordance with the federal regulation found at 7 *CFR Part 226.6 (k)*, your institution may appeal the amount of disallowed cost identified in this monitoring report. The procedures for submitting an appeal are enclosed. The appeal must be submitted to:

Tennessee Department of Human Services  
Appeals and Hearings Division, Clerk's Office  
P.O. Box 198996  
Nashville, TN 37219

If the Institution decides to appeal the amount of disallowed administrative and meals cost, all appeal procedures must be followed as failure to do so may result in the denial of your request for an appeal.

We appreciate the assistance provided during this review. If you have any questions regarding this report, please contact Sean Baker, Audit Director 2, at 615-313-4727 or [Sean.Baker@tn.gov](mailto:Sean.Baker@tn.gov).

Sincerely,



Sam O. Alzoubi, CFE  
Director of Audit Services

Exhibits

cc: Tonya Scott, Executive Director, Aaron Nutritional Services, Inc.  
Allette Vayda, Director, Child and Adult Care Food Program  
Debra Pasta, Program Manager, Child and Adult Care Food Program  
Constance Moore, Program Specialist, Child and Adult Care Food Program  
Marty Widner, Program Specialist, Child and Adult Care Food Program  
Elke Moore, Administrative Services Assistant 3, Child and Adult Care Food Program  
Comptroller of the Treasury, State of Tennessee

**Exhibit A****Sponsor: Aaron Nutritional Services, Inc.****Review Month/Year: May 2017****Total Meal Reimbursement Received: \$79,852.93**

<b>Program Area</b>	<b>Reported on Claim</b>	<b>Reconciled to Provided Documents</b>
Total Number of Days Food Served	26	26
Number of Breakfast Meals Served	19,417	18,998
Number of Lunches Served	20,640	20,428
Number of Suppers Served	645	645
Number of Supplements Served	23,222	22,287

**Exhibit B****Site: Kids Night Out, Inc.****Review Month/Year: May 2017****Total Meal Reimbursement Received: \$4,088.58**

<b>Program Area</b>	<b>Reported on Claim</b>	<b>Reconciled to Provided Documents</b>
Total Number of Days Food Served	26	26
Number of Breakfast Meals Served	215	216
Number of Lunches Served	826	825
Number of Suppers Served	397	397
Number of Supplements Served	1,625	1,612
Number of Participants in Free Category	54	54
Number of Participants in Reduced Category	12	12
Number of Participants in Paid Category	41	41
Total Number of Participants	107	107
Total Amount of Eligible Food Costs	XXXXXXXX	\$2,615.82
Total Amount of Eligible Food and Non-Food Costs	XXXXXXXX	\$2,819.37

**Exhibit C****Site: R Kids R Small Wonders Pre-School, LLC****Review Month/Year: May 2017****Total Meal Reimbursement Received: \$5,824.72**

<b>Program Area</b>	<b>Reported on Claim</b>	<b>Reconciled to Provided Documents</b>
Total Number of Days Food Served	23	23
Number of Breakfast Meals Served	2,728	2,309
Number of Lunches Served	2,728	2,518
Number of Supplements Served	2,725	2,104
Number of Participants in Free Category	23	23
Number of Participants in Reduced Category	9	9
Number of Participants in Paid Category	92	92
Total Number of Participants	124	124
Total Amount of Eligible Food Costs	XXXXXXXX	\$3,558.88
Total Amount of Eligible Food and Non-Food Costs	XXXXXXXX	\$4,808.52

**Exhibit D****Site: Little Treasures Child Care, Inc.****Review Month/Year: May 2017****Total Meal Reimbursement Received: \$4,578.76**

<b>Program Area</b>	<b>Reported on Claim</b>	<b>Reconciled to Provided Documents</b>
Total Number of Days Food Served	22	22
Number of Breakfast Meals Served	856	855
Number of Lunches Served	752	751
Number of Supplements Served	855	854
Number of Participants in Free Category	49	48
Number of Participants in Reduced Category	4	4
Number of Participants in Paid Category	1	1
Total Number of Participants	54	53
Total Amount of Eligible Food Costs	XXXXXXXX	\$2,201.92
Total Amount of Eligible Food and Non-Food Costs	XXXXXXXX	\$2,438.82



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COMMISSIONER

December 7, 2017

Richard Scott, Board Chair  
Aaron Nutritional Services, Incorporated  
PO Box 1338  
Antioch, Tennessee 37011-1147

**Notice of payment due to findings disclosed in the monitoring report dated December 7, 2017, for  
Child and Adult Care Food Program (CACFP).**

Institution Name:	Aaron Nutritional Services, Inc.
Institution Address:	PO Box 1338 Antioch, Tennessee 37011-1147
Agreement Number:	00-132
Amount Due:	\$985.68
Due Date:	January 8, 2018

Based on the monitoring report issued by the Audit Services Division within the Tennessee Department of Human Services, the Community and Social Services - Food Programs - CACFP & SFSP management has agreed with the findings which require your institution to reimburse the Department of Human Services for disallowed meals cost.

Please remit a check or money order payable to the **Tennessee Department of Human Services** in the amount of \$2,418.95 by the due date to:

**Tennessee Department of Human Services  
Fiscal Services 11<sup>th</sup> Floor  
Citizens Plaza Building  
400 Deaderick Street  
Nashville, Tennessee 37243-1403**

Please note that the disallowed cost/overpayment of the CACFP is subject to an interest charge. The interest charge will be waived if the payment is received by the due date. If payment is not received by the end of the 5th day of the due date, an interest charge may be added to the original amount due and will be billed to your entity.

If you have any questions regarding this notice, please feel free to contact Allette Vayda, Director, Community and Social Services - Food Programs - CACFP & SFSP at (615) 313-3769 or [Allette.Vayda@tn.gov](mailto:Allette.Vayda@tn.gov).

Thank you for your attention

**Corrective Action Plan for Monitoring Findings**

**Instructions:** Please print in ink or type the information to complete this document. Enter the date of birth for each Responsible Principal and/or Individual in Section B. Attach the additional documentation requested. Enter your name, title and date of signature on the last page. Please sign your name in ink.

**Please return ALL pages of the completed Corrective Action Plan form.**

**Section A. Institution Information**

Name of Sponsor/Agency/Site: Aaron Nutritional Services, Inc	Agreement No. 00132	<input type="checkbox"/> SFSP <input checked="" type="checkbox"/> CACFP
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Mailing Address: PO Box 1338 Antioch, Tennessee 37011-1147

**Section B. Responsible Principal(s) and/or Individual(s)**

Name and Title: Richard Scott, Board Chair	Date of Birth:    /    /
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**Section C. Dates of Issuance of Monitoring Report/Corrective Action Plan**

Monitoring Report: 12/7/2017	Corrective Action Plan: 12/7/2017
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**Section D. Findings**

Findings:

1. The number of participants reported in the free category was incorrect at one site
2. The Sponsor reported incorrect meal counts
3. The Sponsor's infant menus were not provided during the review
4. The Sponsor did not provide evidence that sufficient quantities of milk were purchased for claimed meals served
5. The Sponsor's child nutrition (CN) labels or product formulation statements were not provided
6. An observed meal did not meet USDA meal pattern requirements
7. The Sponsor claimed meals in excess of the number of meals observed
8. The Sponsor reported incorrect number of attendance days
9. A current menu was not posted at Kids Night Out
10. The Sponsor is not observing meals as required during monitoring

The following measures will be completed within **30 calendar days** of my institution's receipt of this corrective action plan:

**Measure No. 1: The number of participants reported in the free category was incorrect at one site**

The finding will be fully and permanently corrected.

Identify the name(s) and position title(s) of the employee(s) who will be responsible for ensuring that the finding is fully and permanently corrected:

Name:

Position Title:

Name:

Position Title:

Describe below the **step-by-step** procedures that will be implemented to correct the finding:

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When will the procedures for addressing the finding be implemented? Provide a timeline below for implementing the procedures (i.e., will the procedures be done daily, weekly, monthly, or annually, and when will they begin?):

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Where will the Corrective Action Plan documentation be retained? Please identify below:

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How will new and current staff be informed of the new policies and procedures to address the finding (e.g., Handbook, training, etc.)? Please describe below:

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**Measure No.2: The Sponsor reported incorrect meal counts**

The finding will be fully and permanently corrected.

Identify the name(s) and position title(s) of the employee(s) who will be responsible for ensuring that the finding is fully and permanently corrected:

Name:

Position Title:

Name:

Position Title:

Describe below the **step-by-step** procedures that will be implemented to correct the finding:

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When will the procedures for addressing the finding be implemented? Provide a timeline below for implementing the procedures (i.e., will the procedures be done daily, weekly, monthly, or annually, and when will they begin?):

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Where will the Corrective Action Plan documentation be retained? Please identify below:

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How will new and current staff be informed of the new policies and procedures to address the finding (e.g., Handbook, training, etc.)? Please describe below:

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**Measure No. 3: The Sponsor's infant menus were not provided during the review**

The finding will be fully and permanently corrected.

Identify the name(s) and position title(s) of the employee(s) who will be responsible for ensuring that the finding is fully and permanently corrected:

Name:

Position Title:

Name:

Position Title:

Describe below the **step-by-step** procedures that will be implemented to correct the finding:

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When will the procedures for addressing the finding be implemented? Provide a timeline below for implementing the procedures (i.e., will the procedures be done daily, weekly, monthly, or annually, and when will they begin?):

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Where will the Corrective Action Plan documentation be retained? Please identify below:

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How will new and current staff be informed of the new policies and procedures to address the finding (e.g., Handbook, training, etc.)? Please describe below:

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**Measure No. 4: The Sponsor did not provide evidence that sufficient quantities of milk were purchased for claimed meals served**

The finding will be fully and permanently corrected.  
Identify the name(s) and position title(s) of the employee(s) who will be responsible for ensuring that the finding is fully and permanently corrected:

Name: Position Title:

Name: Position Title:

Describe below the **step-by-step** procedures that will be implemented to correct the finding:

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When will the procedures for addressing the finding be implemented? Provide a timeline below for implementing the procedures (i.e., will the procedures be done daily, weekly, monthly, or annually, and when will they begin?):

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Where will the Corrective Action Plan documentation be retained? Please identify below:

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How will new and current staff be informed of the new policies and procedures to address the finding (e.g., Handbook, training, etc.)? Please describe below:

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**Measure No. 5: The Sponsor's child nutrition (CN) labels or product formulation statements were not provided**

The finding will be fully and permanently corrected.

Identify the name(s) and position title(s) of the employee(s) who will be responsible for ensuring that the finding is fully and permanently corrected:

Name:

Position Title:

Name:

Position Title:

Describe below the **step-by-step** procedures that will be implemented to correct the finding:

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When will the procedures for addressing the finding be implemented? Provide a timeline below for implementing the procedures (i.e., will the procedures be done daily, weekly, monthly, or annually, and when will they begin?):

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Where will the Corrective Action Plan documentation be retained? Please identify below:

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How will new and current staff be informed of the new policies and procedures to address the finding (e.g., Handbook, training, etc.)? Please describe below:

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**Measure No.6: An observed meal did not meet USDA meal pattern requirements**

The finding will be fully and permanently corrected.

Identify the name(s) and position title(s) of the employee(s) who will be responsible for ensuring that the finding is fully and permanently corrected:

Name:

Position Title:

Name:

Position Title:

Describe below the **step-by-step** procedures that will be implemented to correct the finding:

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When will the procedures for addressing the finding be implemented? Provide a timeline below for implementing the procedures (i.e., will the procedures be done daily, weekly, monthly, or annually, and when will they begin?):

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Where will the Corrective Action Plan documentation be retained? Please identify below:

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How will new and current staff be informed of the new policies and procedures to address the finding (e.g., Handbook, training, etc.)? Please describe below:

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**Measure No. 7: The Sponsor claimed meals in excess of the number of meals observed**

The finding will be fully and permanently corrected.  
Identify the name(s) and position title(s) of the employee(s) who will be responsible for ensuring that the finding is fully and permanently corrected:

Name: Position Title:

Name: Position Title:

Describe below the **step-by-step** procedures that will be implemented to correct the finding:

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When will the procedures for addressing the finding be implemented? Provide a timeline below for implementing the procedures (i.e., will the procedures be done daily, weekly, monthly, or annually, and when will they begin?):

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Where will the Corrective Action Plan documentation be retained? Please identify below:

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How will new and current staff be informed of the new policies and procedures to address the finding (e.g., Handbook, training, etc.)? Please describe below:

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**Measure No. 8: The Sponsor reported incorrect number of attendance days**

The finding will be fully and permanently corrected.

Identify the name(s) and position title(s) of the employee(s) who will be responsible for ensuring that the finding is fully and permanently corrected:

Name:

Position Title:

Name:

Position Title:

Describe below the **step-by-step** procedures that will be implemented to correct the finding:

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When will the procedures for addressing the finding be implemented? Provide a timeline below for implementing the procedures (i.e., will the procedures be done daily, weekly, monthly, or annually, and when will they begin?):

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Where will the Corrective Action Plan documentation be retained? Please identify below:

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How will new and current staff be informed of the new policies and procedures to address the finding (e.g., Handbook, training, etc.)? Please describe below:

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**Measure No. 9: A current menu was not posted at Kids Night Out**

The finding will be fully and permanently corrected.  
Identify the name(s) and position title(s) of the employee(s) who will be responsible for ensuring that the finding is fully and permanently corrected:

Name: Position Title:

Name: Position Title:

Describe below the **step-by-step** procedures that will be implemented to correct the finding:

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When will the procedures for addressing the finding be implemented? Provide a timeline below for implementing the procedures (i.e., will the procedures be done daily, weekly, monthly, or annually, and when will they begin?):

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Where will the Corrective Action Plan documentation be retained? Please identify below:

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How will new and current staff be informed of the new policies and procedures to address the finding (e.g., Handbook, training, etc.)? Please describe below:

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**Measure No. 10: The Sponsor is not observing meals as required during monitoring**

The finding will be fully and permanently corrected.

Identify the name(s) and position title(s) of the employee(s) who will be responsible for ensuring that the finding is fully and permanently corrected:

Name:

Position Title:

Name:

Position Title:

Describe below the **step-by-step** procedures that will be implemented to correct the finding:

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When will the procedures for addressing the finding be implemented? Provide a timeline below for implementing the procedures (i.e., will the procedures be done daily, weekly, monthly, or annually, and when will they begin?):

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Where will the Corrective Action Plan documentation be retained? Please identify below:

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How will new and current staff be informed of the new policies and procedures to address the finding (e.g., Handbook, training, etc.)? Please describe below:

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I certify by my signature below that I am authorized by the institution to sign this document. As an authorized representative of the institution, I fully understand the corrective measures identified above and agree to fully implement these measures within the required time frame. I also understand that failure to fully and permanently correct the findings in my institution's CACFP or SFSP will result in its termination from the program, and the placement of the institution and its responsible principals on the National Disqualified List maintained by the U.S. Department of Agriculture.

Printed Name of Authorized Institution Official:

Position:

Signature of Authorized Institution Official: \_\_\_\_\_

Date:    /    /

Signature of Authorized TDHS Official: \_\_\_\_\_

Date:    /    /

- (xi) The institution, one of its sponsored facilities, or one of the principals of the institution or its facilities has been convicted for any activity that indicates a lack of business integrity;

(c) Administrative review is also available if the State agency notifies the institution and responsible principal or responsible individual of the following actions: proposed disqualification of a responsible principal or responsible individual, denial of a budget, denial of a line item within a budget, downward adjustment of the amount approved in a budget, suspension of an institution's participation, denial of start-up or expansion funds, denial of a request for advanced payment, recovery of an advance in excess of a claim, denial of a claim for reimbursement (except for late submission), decision not to forward an exception request for payment of a late claim, overpayment demand, denial of a new or renewing institution's application for participation, denial of sponsored facility application, notice of proposed termination, claim denial, claim deadline exceptions and requests for upward adjustments to a claim, or any other action affecting an institutions participation or claim for payment.

3. All appeal requests must be presented in writing to the TDHS Division of Appeals and Hearings not later than 15 calendar days after the date the institution or sponsoring agency receives the notice of adverse administrative action.

4. The date of an institution's or sponsoring agency's receipt of a notice of suspension and/or proposed termination and disqualification will be governed by the federal regulation at 7 CFR Part 226.2. The notice must specify the action being proposed or taken and the basis for the action, and is considered to be received by the institution or day care home when it is delivered, sent by facsimile, or sent by email. If the notice is undeliverable, it is considered to be received by the institution, responsible principal or responsible individual, or day care home five days after being sent to the addressee's last known mailing address, facsimile number, or email address.

5. The TDHS Division of Appeals and Hearings will acknowledge the receipt of the appeal request within 10 calendar days of the receipt of the institution's or sponsoring agency's request for review. The written request for review should state if a fair hearing is requested or if a review of written information in lieu of a fair hearing is requested. If the appeal request from the institution or sponsoring agency does not specifically request a hearing, a review of written information in lieu of a hearing will occur. If a fair hearing is requested and the institution or sponsoring agency's representative fails to appear, the right to a personal appearance is waived.

6. If an institution or sponsoring agency does not request a fair hearing or a review of written information in lieu of the hearing within 15 calendar days from the date the institution or sponsoring agency receives a Notice of Proposed Termination, the TDHS will issue a letter advising the institution or sponsoring agency that it is terminated from the CACFP effective on the 16<sup>th</sup> calendar day following the institution's or sponsoring agency's receipt of the notice, and that the responsible principals and individuals of the institution or sponsoring agency are disqualified from participation.

7. To be considered for a fair hearing or for a review of written information in lieu of a fair

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hearing, all written documents must be submitted to the TDHS Division of Appeals and Hearings not later than 30 days after receipt of the notice of adverse administrative action.

8. The action of the TDHS must remain in effect during the administrative review. The effect of this requirement on particular actions by TDHS is as follows:

(i) *Overpayment demand.* During the period of the administrative review, TDHS is prohibited from taking action to collect or offset the overpayment. However TDHS must assess interest beginning with the initial demand for remittance of the overpayment and continuing through the period of administrative review unless the administrative review official overturns the TDHS's action.

(ii) *Recovery of advances.* During the administrative review, TDHS must continue its efforts to recover advances in excess of the claim for reimbursement for the applicable period. The recovery may be through a demand for full repayment or an adjustment of subsequent payments.

(iii) *Program payments.* The availability of Program payments during an administrative review of the denial of a new institution's application, denial of a renewing institution's application, proposed termination of a participating institution's agreement, and suspension of an institution are addressed in paragraphs (c)(1)(iii)(D), (c)(2)(iii)(D), (c)(3)(iii)(D), (c)(5)(i)(D), and (c)(5)(ii)(E), respectively, of 7 CFR §226.6.

9. The institution or sponsoring agency must refute the charges contained in the notice during the fair hearing or in the written information that is provided in lieu of the hearing.

10. The institution and the responsible principals and responsible individuals may retain legal counsel, or may be represented by another person.

11. If a fair hearing is requested, the institution or sponsoring agency will be notified in writing of the time, date and place of the fair hearing at least 10 calendar days in advance.

12. Any information which supports an adverse administrative action taken by the TDHS shall be available to the institution or sponsoring agency for inspection from the date of the receipt of the request for a fair hearing or a review of written information in lieu of the hearing.

13. In accordance with 7 CFR Part 226.6 (k)(8), the TDHS Division of Appeals and Hearings must conduct the administrative review of the proposed disqualification of the responsible principals and responsible individuals as part of the administrative review of the application denial, proposed termination, and/or proposed disqualification of the institution with which the responsible principals or responsible individuals are associated. However, at the administrative review official's discretion, separate administrative reviews may be held if the institution does not request an administrative review or if either the institution or the responsible principal or responsible individual demonstrates that their interests conflict.

14. The procedures contained in the Uniform Administrative Procedures Act found at TCA 4-5-301 et seq. shall be followed in rendering a decision on all appeals. The decision of the hearing officer is the final administrative determination to be afforded to the institution or sponsoring agency, and shall be rendered in a timely manner not to exceed 60 calendar days from the date of the receipt of the request for a fair hearing.

15. The processing limits for administrative appeals MUST be met. In the event a continuance is requested by a party, one continuance may be granted at the Hearing Official's discretion. This

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continuance shall not be for a period longer than ten (10) calendar days unless there are exceptional circumstances. Exceptional circumstances must be detailed in the order of continuance and the order must contain a date certain for the hearing, to be set as soon as possible. A report of pending CACFP desk review and fair hearing requests will be generated and reviewed daily by the Clerk's Office and the Legal Director for Appeals and Hearings who will monitor the dates for timeliness. In the event a decision has not been rendered within forty-five (45) calendar days of the date of receipt of the request for fair hearing or desk review, the Legal Director for Appeals and Hearings or their back-up shall notify the hearing official to take appropriate action.

16. All requests for a fair hearing or for a review of written information in lieu of a hearing must be submitted to:

**Tennessee Department of Human Services**  
**Division of Appeals and Hearings**  
**PO Box 198996, Clerk's Office**  
**Nashville, TN 37219-8996**  
**Fax: (615) 248-7013 or (866) 355-6136**  
**E-mail: AppealsClerksOffice.DHS@tn.gov**

17. If a termination action is upheld by the hearing officer, the TDHS will issue a letter to the institution or sponsoring agency and its responsible principals and individuals advising that the termination and disqualification are effective on the date of the ruling issued by the hearing officer. The agency maintains searchable records of all administrative reviews and their dispositions for a period of five (5) years.

18. As required by 7 CFR Part 226.6 (c)(7), each disqualified institution, sponsoring agency, principal and individual will be placed on the National Disqualified List maintained by the U.S. Department of Agriculture (USDA). Once included on the National Disqualified List, an institution, sponsoring agency, principal and individual shall remain on the list until such time as the USDA, in consultation with the TDHS, determines that the serious deficiencies that led to their placement on the list have been corrected, or until seven years have elapsed since they were disqualified from participation. However, if the institution, sponsoring agency, principal or individual has failed to repay debts owed under the program, they will remain on the list until the debt has been paid.